

Paul Calls for an End to US Membership in the IMF *No More Argentinas with Taxpayer Funds!*

Washington, DC: On the eve of congressional hearings focusing on reform of the troubled International Monetary Fund (IMF), Congressman Ron Paul introduced legislation yesterday that will end US membership in the IMF altogether. Paul's bill comes as Treasury Secretary Paul O'Neill prepares to testify before the House Financial Services committee on prospects for successful "reform" of the IMF, a task Paul finds specious. Paul's bill would require the Treasury Secretary to withdraw the US from the IMF within three years.

"The IMF should be abolished, not reformed," Paul stated. "Congress cannot hope to reform an organization that violates basic constitutional, moral, and economic principles by sending taxpayer funds overseas to subsidize multinational corporations and questionable governments. Congress should follow the constitution and stop making bad loans to unqualified borrowers with American tax dollars."

Congressman Jim Saxton, chairman of the Joint Economic committee, recently described how IMF lending worsened the Argentine financial crisis and precipitated that nation's monetary collapse. Even as Argentina's fiscal position deteriorated throughout 2001, the IMF continued to pump more than \$8 billion in extremely low-interest loans into the troubled country. As Chairman Saxton stated, "The IMF's generous subsidized bailouts lead to moral hazard problems, and enable shaky governments to pressure the IMF for even more funding or risk disaster."

The Argentine crisis is just the latest example of the folly of IMF policies. The IMF regularly puts taxpayers on the hook for bad loans, as evidenced by the IMF-created Asian financial crisis three years ago. While the IMF claims it seeks to alleviate poverty in Third World nations, its loans are far more likely to end up in the hands of corrupt dictators- who use our taxpayer-provided largesse to prop up their regimes by rewarding their supporters and denying their opponents access to capital. Furthermore, multinational corporations are often the targeted recipients of IMF funds, as loans are made knowing that certain firms will be awarded contracts.

"The IMF is based on a flawed philosophy that government-to-government transfers create economic prosperity," Paul concluded. "Real prosperity can be achieved only by respecting the rule of law, enforcing property rights, and keeping capital in the dynamic private market. The

IMF violates all of these principles overseas, and Congress violates them here at home when it illegally funds the IMF."